

Eurocommercial Properties N.V.

Tax Policy

1. Introduction

Eurocommercial Properties N.V. (“ECP”) is conscious that every aspect of its business, including the approach to tax, has an impact on society. ECP is committed to be a good corporate citizen acting at all times with honesty and integrity in all its dealings and sees tax as an important element of its corporate social responsibilities. Acting as a responsible taxpayer means to us that we pay a fair amount of taxes in the right places. We recognize that the concept of “fair” taxes is inherently challenging for a complex multinational business and that, in a global business world with global tax competition among nations, it is not always clear where appropriate lines can be drawn. In our approach to responsible taxpaying will seek to align the long- term interests of all our stakeholders, including customers, employees, business partners, investors, and wider society. This Tax Policy explains to all ECP stakeholders how we manage tax affairs across our operations, based on the following principles.

2. Scope

This Tax Policy applies to all employees (including directors) of controlled entities and subsidiaries of ECP and comprises e.g. of profit taxes, withholding taxes, capital taxes, pay roll taxes, social security premiums, value added taxes, local (property) taxes and charges.

3. Full Compliance

ECP is committed to tax compliance that is focused on complete, timely, and accurate tax filings in accordance with the legal requirements of the applicable tax laws and regulations in the jurisdictions in which we operate. Additionally, we will seek to take into account not only the letter but also the spirit of the law. Our employees must act with integrity and adhere to the ECP values as laid down in the Code of Conduct when managing tax affairs. ECP has a Whistleblower’s Code in place, which enables our stakeholders to (anonymously) report any suspicion of wrongdoing.

4. Risk profile and risk management

ECP has a conservative approach regarding potential tax risks. Tax risk can be described as financial loss in the form of increased tax costs, interest and penalties, suboptimal commercial outcomes due to missed opportunities to structure arrangements in an efficient manner and restricted ability to achieve goals due to damaged reputation and relationships with stakeholders. Within ECP the two key drivers of tax risk are:

- i. judgemental (relates to understanding and interpretation of tax law), and
- ii. operational (relates to the processes, people and systems in place to manage tax risk).

In adopting this approach ECP explicitly accepts tax related risk where it is appropriately mitigated and proactively monitored. Risk assessments should be undertaken periodically by the Group Finance Team in The Netherlands and at a jurisdictional level by local management with tax responsibility as appropriate. These assessments should follow the approach set out in ECP’s Internal Risk & Control Framework. ECP recognizes importance of (tax) data management and technology as a part of managing (tax) risks. Improvements in this area are made when appropriate, mainly via the internal financial information and property management systems.

Where risks exceed the risk threshold, consideration should be given to further actions that could be taken or increased controls to mitigate the residual risk. Such actions would typically be: external advice (or second opinion) to support the position, Tax Authority clearance/rulings (where possible), and enhanced documentation/monitoring of the situation. Risks should be actively monitored and items exceeding the risk threshold should be reported to the Supervisory Board and monitored by the Audit Committee at least once a year.

5. Tax avoidance, tax planning and incentives

Tax is a business expense that needs to be managed, ECP aims to limit these tax expenses but the overall business strategy is leading. We may make investments in assets, or engage in transactions, where tax incentives, exemptions, or other tax benefits are specifically authorized by laws and/or regulations of a jurisdiction in which we have commercial substance. We will not engage in “artificial” transactions or tax haven-based structures.

(Local) Real estate taxes part of ECP's fair share of tax contribution

Real estate is strongly connected with its location, in general (local) real estate taxes and charges therefore comprise a considerable amount of the total tax contribution of real estate companies compared to various other industries. Via the payment of these taxes and charges, ECP contributes to the principle of paying the fair amount of taxes in the right place as committed member of the local communities within which it operates.

6. Transfer pricing

ECP believes that it is necessary to trade with related parties based on the arm's-length principle. The arm's length principle provides the closest approximation of the workings of the open market in cases where goods, products and services are transferred between two associated enterprises. Our transfer pricing policy is based on the arm's-length principle as supported by economic analysis and formal documentation of the commercial nature of the transactions. A review of the relevant documentation is undertaken annually. This documentation is constructed to reflect the transfer pricing guidelines outlined by the OECD.

7. Tax rulings

We may seek rulings from tax authorities to confirm the applicable tax treatment of an investment, a restructuring, or a transaction based on a full disclosure of all relevant facts and circumstances. We will not seek special tax treatment that is not specifically authorized by the government of a jurisdiction in which we operate, or which would result in a selective advantage placing us in a more favorable financial position than other similarly situated taxpayers.

8. Transparency

We are transparent about our approach to tax and our tax position. Disclosures are made in accordance with the relevant domestic regulations, as well as applicable reporting requirements and standards such as IFRS. We aim for certainty on the tax positions we adopt, but where a tax law is unclear or subject to interpretation and no clearance can be obtained in advance, we ensure that our position should be realistic.

9. Relationships with Tax Authorities

We will seek to develop and maintain good and mutually respectful relationships with Tax Authorities, based on integrity and mutual trust and respect. We undertake all dealings with them in a professional, courteous and timely manner. ECP will disclose information if and when legitimately required by the Tax Authorities. This includes information necessary to properly understand entries in a tax return and information specifically requested during tax audit enquiries. ECP will be able to provide evidence that tax positions adopted are sustainable in the event of challenge by a Tax Authority.

10. Accountability and governance

We ensure that we have the mechanisms in place to adhere to the above principles and provide both relevant training and opportunities for employees to raise any issues of concern confidentially, consistent with the ECP Code of Conduct. The responsibility for tax rests at the Management Board with the Chief Financial Officer. The tax function is organized at the head office to ensure compliance with local and international laws and regulations. ECP reports at least once a year to the Management Board and the Supervisory Board on adherence to this Tax Policy.